

Pearls of the Polish Economy

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On November 16, 2007, hundreds of guests gathered in the majestic ballroom of the Royal Castle in Warsaw to attend a festive Laureates Gala during which the results were announced of this year's edition of the Pearls of the Polish Economy ranking. The ranking has been organized for five years now by "Polish Market" in collaboration with the Institute of Economics at the Polish Academy of Sciences (INE PAN) to distinguish Poland's economically most effective companies. The honorary patronage was assumed by the Minister of the Economy and Danuta Hübner, the EU Commissioner for Regional Policy.

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Krystyna

Woźniak-Trzosek

"Polish Market" Editor-in-Chief

Today for the fifth time I welcome you to our pearl-studded gala. It's a ceremony when awards and certificates are presented to the most dynamic and effective Polish companies, which have met the highly rigorous and hard-to-meet ranking criteria defined by PAN economists. These firms fully deserve the title of the Pearl of the Polish Economy; Statuettes are presented to the three top companies in the

Very Large Pearls category, and three top companies in the Large Pearl category. There are also diplomas divided according to industrial branches. Certificates are awarded to all the companies on the Pearls of the Polish Economy list as proof of having made it to the select group.

During the ceremony special awards will also be presented. These Honorary Pearls are not based on the ranking. The Chapter including eminent academics, economists and members of the "Polish Market" editorial board awarded these Honorary Pearls in the following categories: the economy, science, culture, the promotion of patriotic values and tradition as well as social values. This Honorary Pearls competition, which we announced for the first time last year when we were celebrating "Polish Market's" tenth anniversary, fits in very well with our strategy and mission of promoting and building up the upright image of Poland in the world by highlighting the creative output of our prominent countrymen who might be referred to as the ambassadors of Polish supreme values. We need people whose knowledge, authority, social commitment can serve as a pattern to be followed by others, similarly as we need a common ethical foundation independent of political options and programs but allowing us to make a choice, telling us what and when we need to do something for us, for the country, for others, what we are entitled to, and what we cannot permit ourselves to do.

Visiting Warsaw recently to promote his latest book entitled "Emotional Intelligence and Social Intelligence" was the internationally renowned author, psychologist and science journalist Daniel Goleman. He said in an interview that the probability of scoring success is greater, the higher the level of social intelligence, that is the skill of empathy. Asked who of the people he met had the highest level of social intelligence, he singled out the Dalai Lama because that Tibetan leader always asks 'What can I do for you?', when he meets another person. Let us perhaps keep that in mind when entering the hard and rough road leading to success".

Adam Szejnfeld, Secretary of State at the Ministry

of the Economy spoke about the Pearls of the Polish Economy ranking: "This is a special day because it marks the 5th jubilee of the "Pearls" and credit for this goes to the "Polish Market" Editor-in-chief, the staff who runs the competition as well as the computer which ultimately decides who is the best. But in actual fact the success and high ranking of the companies concerned has been determined by today's laureates themselves. They deserve thanks for their toil and endeavours, congratulations for the distinction and statuettes received. My hope is that the computer should not skip them in the future.

"Polish Market" is a magazine that promotes Poland and the Polish economy

worldwide. Poland needs effective promotion abroad, and especially so now as we are part of the European Union and should be recognizable there. We should become a country that attracts ever more investors, capital and people wanting to do business precisely here, in the land situated between the Vistula and Odra rivers.”

Professor LESZEK JASIŃSKI, the head of the Institute
of Economics at the Polish
Academy of Sciences
(INE PAN):

“The Pearls have been awarded to companies which stand out nationwide in terms of dynamic development and by the same token represent the driving force of the economy and of the country’s development as a whole. INE PAN has been drawing- up rankings of companies for many years. We started off with surveying first of all large enterprises – these analyses are now continued in various ways by other institutions. Currently, INE PAN is drawing-up rankings of the best companies, that is the Pearls of the Economy and also a separate ranking of innovative companies developing in line with “new economy” strategies. The ranking of the Pearls of the Polish Economy is drawn up pursuant to terms and rigorous criteria worked out by professor Jan Macieja and his team. Professor Jan Macieja is credited with working out the idea and the name of the ranking.”

KRZYSZTOF MARKOWSKI, Management Board President of the Office for Credit
Information SA (Biuro
Informacji Kredytowej SA):

“The initiative of the Polish Market economic magazine working together with the Institute of Economics at the Polish Academy of Sciences (INE PAN) to reward the most effective companies in Poland deserves special acknowledgment. The Credit Information Office therefore granted this year its own awards to all laureate companies. We present them with a “Report on the economic and financial situation of a company” (ESOR). These reports can serve as a tool in loan taking decisions or for business risk assessment.”

KAZIMIERZ MAŁECKI, Management Board President of the National Clearing
House SA (Krajowa Izba Rozliczeniowa SA):

“The gala we have the pleasure to attend is a significant initiative aimed at promoting the achievements of Polish enterprises. On behalf of the National Clearing House I wish to convey my congratulations to the laureates of this year’s edition of the Pearls of the Polish Economy ranking and further success to the organizers of successive editions of the ranking.”

Professor
Jan Maciejka
INE pan

How the Pearls of the Polish Economy were found?

To win the title of the Pearl of the Polish Economy, a company had to meet a minimum set for seven criteria assessing its effectiveness while its overall revenue in 2006 had to amount to PLN100 million and more.

The minimum that a company with total annual revenues of PLN100 and more million had to meet to be qualified for the ranking was fixed at 10% of the mean value of the respective criterion. The Pearls of the Polish Economy list thus ensued can be arranged according to the number of points scored for the particular criteria. With respect to the first six criteria, the companies best in terms of the respective criterion scored the highest number of points and those in the rear received one point.

The following criteria were applied:

1. percentage-wise growth of sales revenues against the company's overall business operations as a measure indicating its development rate;
2. return on sales indicating the percentage of net sales against costs. If not burdened by past financial events, e.g. profits or extraordinary losses, return on sales provides a good measure of efficiency in current business operations;
3. general level of indebtedness – each company has at a given time its optimum relation between liabilities and assets (too low an index indicates excessive caution, while an inordinately high one leads to higher costs). In the case of that particular criterion, points were given in accordance with a function set in advance. The highest number of points was scored by companies with a 40%-60% ratio;
4. return on assets – the gross profit ratio arising in relation to assets provides a good measure of efficiency in utilizing a company's resources, as it takes account of the company's (owner's) revenues as well as revenues of the state (the size of taxes) derived from resources employed;
5. rate of return on capital allows investors to compare current profitability on invested capital to other investments;
6. overall productivity of human, material and financial capital and its consistent growth are indispensable prerequisites of long-running economic growth;
7. productivity – rising productivity reduces current business operation costs and wards off decline in return on invested capital.

These seven criteria allowed for a relatively objective selection of the Pearls of the

Polish Economy. It is noteworthy that this particular ranking is not compiled on the ground of any subjective assessment and in that respect it differs from any other ranking of companies done in Poland. The ultimate selection of the best companies is done by a computer on the basis of an algorithm drawn up by the Institute of Economics at the Polish Academy of Sciences (INE PAN) and data supplied by companies.

Financial sector:

1. AMPLICO Life – the Polish Life Insurance and Reinsurance Company SA (the diploma was collected by its management board president Jacek Pastuszka);
2. ALLIANZ Polska SA Insurance Company (diploma was presented to its president Paweł Dangel),
3. Commercial Union Life Insurance Company (the diploma was received by its director of corporate communications Grażyna Goslings).

Infrastructure sector

1. Polkomtel SA (diploma was collected by department director Alina Skóra), the second to
2. Gaz-System SA (diploma was received by its deputy president Paweł Stańczak),
3. "Polish Airports" State Enterprise (diploma was presented to its Public Communication Office director Artur Burak).

Production sector:

1. BSH Sprzęt Gospodarstwa Domowego Sp. z o.o.,
2. KGHM "Polska Miedź" SA copper company
3. Stalprodukt SA steel product producer